

Message Text

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PAGE 01 OTTAWA 03114 192250Z

17

ACTION OES-02

INFO OCT-01 SS-14 ISO-00 EUR-08 INR-05 EB-03 /033 W

----- 122266

R 192138Z AUG 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 7295

NATIONAL SCIENCE FOUNDATION WASHDC

C O N F I D E N T I A L OTTAWA 3114

LIMDIS

NSF FOR STEVER AND GRAY

E.O. 11652: GDS

TAAS: OVIP, TGEN, CA

SUBJ: BACKGROUND INFORMATION FOR STEVER VISIT TO OTTAWA

1. FOLLOWING INFORMATION IS PROVIDED AS BACKGROUND MATERIAL FOR NSF DIRECTOR STEVER'S VISIT SEPT 12 TO OTTAWA. THE CANADIAN FEDERAL SCIENCE AND TECHNOLOGY SCENE HAS BEEN CHANGING RAPIDLY OVER THE PAST MONTH. ALL OF THE CHANGES ARE, IN FACT, NOT IN AS OF THIS DATE. SOME MAY NOT MATERIALIZE UNTIL AFTER THE VISIT. FOLLOWING PARAS SUMMARIZE THE MOST IMPORTANT RECENT DEVELOPMENTS.

2. FAR BEYOND OTHERS IN SIGNIFICANCE IS MINISTER DRURY'S MOVE TO COMPLETELY REVAMP THE MINISTRY OF STATE FOR SCIENCE AND TECHNOLOGY (MSST). FROM ONE-THIRD TO ONE-HALF OF THE MINISTRY'S EMPLOYEES HAVE BEEN GIVEN NOTICE THAT THEIR JOBS NO LONGER EXIST AND THE ENTIRE EXISTING ORGANIZATIONAL STRUCTURE IS BEING ABOLISHED. THE NEW ORGANIZATION WILL RESEMBLE THAT OF A THINK-TANK WHOSE TERMS OF REFERENCE EXTEND OVER THE ENTIRE FIELD OF CANADIAN SCIENCE AND TECHNOLOGY. THERE WILL BE BROAD AREA OFFICES SUCH AS INDUSTRY, UNIVERSITIES, AND IN-HOUSE SCIENCE ALONG WITH THE USUAL ADMINISTRATIVE OFFICE. FROM THAT POINT FORWARD, EXCEPT IN THE ADMINISTRATIVE OFFICE AND IN THE HIGHEST ECHELON OF THE MINISTRY, THE ORGANIZATION WILL REPORTEDLY BE "FREE FORM." FOR EXAMPLE, A GIVEN SECTION, SAY

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THAT FOR INDUSTRY, WILL HAVE ONLY SENIOR PROGRAM OFFICERS,

PROGRAM OFFICERS AND JUNIOR PROGRAM OFFICERS. NONE WILL HAVE SPECIFIC ASSIGNED RESPONSIBILITIES ON A LONG-TERM BASIS. RATHER, AS THE MINISTRY PERCEIVES A PROBLEM A TASK FORCE WILL BE PUT TOGETHER AND ASSIGNED THE PROBLEM. SOME TASK FORCES MAY EXIST FOR NO MORE THAN A FEW WEEKS WHILE OTHERS COULD CONCEIVABLY HAVE AN EXISTENCE MEASURED IN YEARS. FURTHERMORE, A GIVEN TASK FORCE MAY HAVE REPRESENTATIVES ON IT FROM THE VARIOUS OFFICES, E.G., INDUSTRY AND UNIVERSITIES. THIS RIF AND REORGANIZATION WOULD APPEAR TO REPRESENT A CLEAR VICTORY FOR THE CANADIAN "SCIENTIFIC ESTABLISHMENT" OVER THE REFORMERS AND EXPONENTS OF THE RECOMMENDATIONS IN THE LAMONTAGNE REPORT. IT APPEARS CLEAR THAT THE LINE AGENCIES IN THE CANADIAN GOVERNMENT WHICH HAVE TRADITIONALLY COMPRISED THE SCIENCE ESTABLISHMENT, E.G., THE NATIONAL RESEARCH COUNCIL, MEDICAL RESEARCH COUNCIL, ENERGY MINES AND RESOURCES, AND ASSORTED CROWN CORPORATIONS, CAN NOW GO BACK TO RUNNING THEIR OWN PROGRAMS WITH LITTLE FEAR OF SIGNIFICANT INTERVENTION BY MSST. ON PAPER, THIS MAY BE SOMEWHAT LESS CLEAR THAT IT IS LIKELY TO BE, IN FACT, BECAUSE IN THEORY EACH TASK FORCE STUDYING A PROBLEM IN THE NEW MSST SHOULD PRODUCE A POLICY PAPER WHICH MSST'S MINISTER WOULD TAKE TO CABINET FOR A POLICY DECISION. SINCE THERE ARE UNCONFIRMED INDICATIONS, HOWEVER, THAT THE LINE AGENCIES WILL BE ABLE TO ACTUALLY PLACE PERSONNEL IN IMPORTANT TASK FORCES, THE TASK FORCES MAY WELL TURN OUT TO BE SIMPLY WINDOWDRESSING FOR PRESENTING LINE AGENCY PROBLEMS TO THE CABINET. REORGANIZATION CANNOT BE COMPLETED BEFORE NEARLY THE END OF THE YEAR BECAUSE OF CANADIAN CIVIL SERVICE REQUIREMENT FOR A 90-DAY NOTICE TO PERSONNEL BEING LAID OFF. SOME NOTICES HAVE BEEN DELIVERED ONLY WITHIN THE LAST FEW DAYS.

3. NSF AND DEPT WILL RECALL THAT EMBASSY'S PREVIOUS REPORTING INDICATED THAT MSST PERSONNEL HAVE BEEN CONSISTENTLY CRITICIZED AS SECOND-RATE BY MANY SENIOR MEMBERS OF THE SCIENCE AND TECHNOLOGY ESTABLISHMENT. DRURY, WORKING WITH LECLAIR, BOTH WITH A BACKGROUND OF LONG ASSOCIATION WITH THE CANADIAN SCIENCE ESTABLISHMENT, HAS CLEARLY TAKEN OPPORTUNITY AFFORDED BY REORGANIZATION TO DROP AS MANY PEOPLE CONSIDERED TO BE IN THIS CATEGORY AS POSSIBLE. NOTABLE FIGURES WHO HAVE BEEN LONG ASSOCIATED WITH CANADIAN SCIENCE POLICY WHO ARE BEING DROPPED INCLUDE RENE WHITEHEAD, CLIFF BAKER, DOUG THACKER AND OTHERS, MOST OF

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WHOM ARE WELL KNOWN TO NSF AND/OR DOD AND THE SCIENTIFIC INTELLIGENCE COMMUNITY. ALTHOUGH THERE IS PROBABLY NO REALLY EASY WAY TO CARRY OUT CUTS ON THIS SCALE IN ANY ORGANIZATION, THE ABRUPTNESS AND COLDNESS WITH WHICH DRURY AND LECLAIR HAVE ACTED HAVE BROUGHT ON A CERTAIN COLD PALLOR EVEN AMONG THOSE SENIOR OFFICIALS WHO PROBABLY HELPED BY ADVISING DRURY, E.G., BILL SCHNEIDER, PRESIDENT OF NRD, CHARLES SMITH, SENIOR ADM AT EM&R, ETC.

4. NSF TEAM SHOULD BE AWARE THAT DRURY HAS RECENTLY HAD ILLNESS WHICH WAS OFFICIALLY CHARACTERIZED AS A SMALL "CEREBRAL VASCULAR ACCIDENT." HE IS SOMEWHAT LIMITED IN HIS ACTIVITIES BUT IS CARRYING A FULL WORKLOAD AT PRESENT. HIS DEPUTY MINISTER MAURICE LECLAIR WHO VISITED WASHINGTON RECENTLY HAS ALSO BEEN HOSPITALIZED WITH AN UNKNOWN ILLNESS AND IS ONLY NOW RETURNING TO FULL ACTIVITY.

5. THE SCIENCE COUNCIL, WHICH ALSO REPORTS TO MINISTER DRURY, MAY OR MAY NOT HAVE A NEW PRESIDENT AT TIME OF VISIT. DR. GAUDRY, THE RETIRING PRESIDENT, IS CURRENTLY ON A TEMPORARY APPOINTMENT WHICH IS IN FORCE UNTIL SEPTEMBER 24, BUT COULD BE TERMINATED AT ANYTIME IF THE NEW PRESIDENT IS NAMED. PROBLEM IN FINDING NEW PRESIDENT APPEARS TO BE DRURY'S DESIRE THAT HE HAVE A STRONG INDUSTRIAL BACKGROUND AND AT THE SAME TIME CONTINUE TO BE ONLY PART-TIME WITH THE COUNCIL. REPORTEDLY, A NUMBER OF SENIOR CANADIAN INDUSTRIALISTS HAVE BEEN CONTACTED BUT THEIR COMPANIES HAVE REFUSED TO LET THEM SERVE BECAUSE OF THE PART-TIME ASPECT OF THE APPOINTMENT. HOW AND WHEN THIS WILL BE RESOLVED WILL PROBABLY NOT BE KNOWN UNTIL THE NEW APPOINTMENT IS ANNOUNCED.

6. IN-HOUSE CANADIAN SCIENCE FUNDING CONTINUES TO SUFFER FROM CONTRACTING-OUT POLICY (PREVIOUSLY REPORTED TO BOTH NSF AND DEPT) AND OVERALL DESIRE FOR BUDGETARY AUSTERITY. IN TERMS OF REAL PURCHASING POWER, THEREFORE, FUNDING FOR CANADIAN SCIENCE AND TECHNOLOGY IS DECLINING. THIS IS PARTICULARLY CRITICAL IN A COUNTRY LIKE CANADA, AS POINTED OUT IN LAMONTAGNE REPORT, BECAUSE THE BULK OF GOOD CANADIAN SCIENCE HAS ALWAYS BEEN DONE IN HOUSE OR IN UNIVERSITIES WITH IN-HOUSE FUNDS. THERE APPEARS TO BE LITTLE DOUBT THAT DRURY IS SYMPATHETIC WITH THE PLIGHT OF THE SCIENCE COMMUNITY. GIVEN THE ECONOMIC REALITIES
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OF CANADA 1975 IT IS DOUBTFUL, HOWEVER, THAT MUCH OF SIGNIFICANCE CAN BE DONE TO IMPROVE THE SITUATION, AT LEAST IN THE SHORT RUN. AMONG THE VARIOUS COMPONENTS OF THE SCIENCE ESTABLISHMENT, THE ONE WHICH HAS PROBABLY SUFFERED THE LEAST IS EM&R WITH ITS HEAVY COMMITMENT TO ENERGY RESEARCH. IN ASSESSING EM&R'S SCIENCE AND TECHNOLOGY CAPABILITY, IT IS IMPORTANT TO REMEMBER THAT A NUMBER OF CROWN CORPORATIONS IN BOTH NUCLEAR AND CONVENTIONAL ENERGY FIELDS REPORT TO THE MINISTER OF EM&R, CURRENTLY DONALD MACDONALD.

7. OF LESSER BUT YET AT LEAST PERIPHERAL INTEREST TO NSF TEAM WILL BE THE FACT THAT PROVINCIAL SCIENCE ORGANIZATIONS ACROSS CANADA WHICH WERE ALWAYS GOOD MAY ACTUALLY BE IMPROVING SOMEWHAT. THE CURRENT STATE OF THEIR HEALTH IS IN SOME MEASURE DUE TO THE FEDERAL GOVERNMENT'S CONTRACTING-OUT POLICY ON RESEARCH

AND DEVELOPMENT WHICH HAS RESULTED IN SOME OF THE PROVINCIAL RESEARCH COUNCILS' GETTING MORE FUNDS FROM FEDERAL SOURCES. THE MOST IMPORTANT SOURCE OF IMPROVEMENT IN TWO PROVINCES, HOWEVER, HAS BEEN THE OIL AND GAS MONEY POURING INTO SASKATCHEWAN AND ALBERTA. BOTH OF THESE PROVINCES HAVE RECENTLY TAKEN STEPS TO SIGNIFICANTLY INCREASE THEIR SUPPORT FOR PROVINCIALY-FUNDED SCIENCE AND TECHNOLOGY.

8. ALMOST EVERY TECHNICAL AGENCY IN WASHINGTON HAS CLOSE CONTACTS WITH THEIR CANADIAN COUNTERPARTS. ALTHOUGH SOME OF THE COOPERATIVE PROGRAMS ARE NATURALLY MORE ACTIVE THAN OTHERS, WORKING-LEVEL CONTACTS HAVE, AS FAR AS THE EMBASSY IS AWARE, BEEN UNIFORMLY PRODUCTIVE AND VALUABLE. EMBASSY IS UNAWARE OF ANY OUTSTANDING CURRENT PROBLEM WITH ANY OF THESE AGENCY-TO-AGENCY COOPERATIVE PROGRAMS.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SCIENTIFIC VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 AUG 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OTTAWA03114
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750287-0241
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750840/aaaabinr.tel
Line Count: 185
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OES
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 01 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 MAY 2003 by GarlanWA>; APPROVED <01 OCT 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BACKGROUND INFORMATION FOR STEVER VISIT TO OTTAWA
TAGS: OVIP, TGEN, CA, (STEVER)
To: STATE NSF WASHDC
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006